United Nations E/2003/54

Economic and Social Council

Distr.: General
25 April 2003
English
Original: French

Substantive session of 2003
Geneva, 30 June-25 July 2003
Item 7 (e) of the provisional agenda*
Coordination, programme and other questions: long-term programme of support for Haiti

Long-term programme of support for Haiti

Report of the Secretary-General

Summary

Since the adoption in 1999 of a resolution on the elaboration of a long-term programme of support for Haiti, the Economic and Social Council, at each of its substantive sessions, has had before it a report on the implementation of a programme. The present report, prepared in close coordination with the United Nations resident coordinator in Haiti, describes the economic and political context in which the United Nations system has operated since last year, summarizes the levels of official development assistance granted and provides an overview of the actions undertaken to prepare the outlines of a long-term programme of support. The report stresses, however, that the political crisis experienced by Haiti which, despite the assistance provided by the Organization of American States, is persisting, constitutes a major obstacle to the country's development and to the international assistance it so urgently needs.

* E/2003/100.

03-33656 (E) 210503 220503

Introduction

1. This report is part of the follow-up by the Economic and Social Council since 1999 to the economic and social situation in Haiti. Invited by the Security Council to contribute to the elaboration of a long-term programme of support for Haiti,[1] the Council, in its resolution 1999/4 of 7 May 1999, created an Ad Hoc Advisory Group on Haiti. The Group undertook an assessment mission to that country, consulted many national and international actors, and presented its conclusions to the Council at its substantive session in 1999 (see E/1999/103).

2. On the basis of the Ad Hoc Advisory Group's recommendations, the Economic and Social Council, in its resolution 1999/11 of 27 July 1999, requested the Secretary-General, in consultation with the Government of Haiti, to take the necessary steps to develop on a priority basis a long-term strategy and programme of support for Haiti.

3. Reports on the implementation of the programme were subsequently presented to the Council at its substantive sessions (see E/2000/63, E/2001/67 and E/2002/56). In its resolution 2002/22 of 24 July 2002, the Economic and Social Council requested that the Secretary-General, in coordination with the United Nations resident coordinator in Haiti, report on progress achieved in implementing the long-term programme of support for Haiti, and that the report be prepared for the Council on the basis of developments in Haiti.

I. Economic and political context

General human development context

4. Haiti is the only country in the Americas which is classified among the least developed countries. With an estimated 8.1 million inhabitants in 2000, the average population density is about 290 persons per km^2. Demographic growth is estimated at about 2 per cent per year, and the per capita gross domestic product (GDP) at US$ 480[2] for 2001. The per capita GDP has not increased, in real terms, in relation to the 1970s and, moreover, has declined almost continuously since the early 1980s.[3] Life expectancy at birth in Haiti is 56.3 years.[4] The human development index calculated for 2000 is 0.471 in Haiti, putting it in 146th place out of 173 countries of the world.

5. According to available estimates, about 47 per cent[5] of the population lives below the poverty line. The malnutrition rate is 56 per cent, the illiteracy rate is approaching 50 per cent, the school enrolment rate is only 52 per cent, while it is estimated that only 46 per cent of the population has access to water supply points, and 28 per cent to adequate sanitary facilities.

6. In this context of economic stagnation, demographic growth has accentuated both the pressure on natural resources and migration trends. Forest resources are, for all practical purposes, exhausted. Deforestation and the cultivation of land which is less and less suitable for agriculture, in a country where the arable surfaces are limited to one third of the total area, have as a corollary environmental degradation, the most obvious sign of which, erosion, is continually advancing and increasingly threatening water resources and the productivity of the plains.

7. Migration from rural areas to the towns, and from Haiti to countries abroad, is fairly significant. The urbanization rate increased from 21.7 per cent in 1975 to about 35 per cent,[6] and the population of Port-au-Prince, which was estimated at 720,000 inhabitants in 1982, is now, according to the most recent estimates, over 2 million.[7] In 1999, over 1.5 million Haitians were living outside the country, mainly in the Dominican Republic and the United States of America.[8] Money transfers from emigrants, particularly from residents of North America, currently estimated at some US$ 800 million,[9] constitute an essential contribution to the survival of many families, and to the stability of the balance of payments.

Political and security context

8. The efforts made to resolve the political crisis remain seriously limited in their scope by the persistence of challenges, which have characterized the country's political life since the fall of the Duvalier dictatorship in 1986. It may be recalled that in May 2000, the legislative and local elections, won by the ruling party (Fanmi Lavalas), gave rise to many challenges, supported in part by the international community. These unresolved challenges led to the boycott of the presidential elections by the opposition. At the external level, they led to the progressive suspension of most international assistance, which was caused also by Haiti's non-payment of its debt to multilateral institutions.

9. The presidency of Mr. Jean-Bertrand Aristide, since he took office in February 2001, has been marked by crises within the Government and strong challenges by the opposition. The Convergence Démocratique, a coalition of political parties, is the major actor of the opposition. The first task of the current Prime Minister, Yvon Neptune, appointed in March 2002, was to resolve this crisis.

10. In November and December 2002, the public debate became more radicalized and many pro- and anti-Lavalas demonstrations were organized. Some of them were marked by violent incidents, while others took place in apparent calm, under the protection of the national police. During the same period, 184 civil society organizations established a new group, which is proposing a solution to the current crisis through a new social contract. The situation remains polarized, especially between the representatives of the Fanmi Lavalas party and those of the Convergence Démocratique, supported by the new group of 184 which has taken a position in support of the departure of President Aristide before the end of his term.

11. An atmosphere of growing insecurity is also discernible in several towns and districts of the country, and it is reported that armed groups are acting beyond the control of the national police.

12. Following the departure of the International Civilian Support Mission in Haiti (MICAH) in February 2001, the Organization of American States (OAS) assumed a major role of support for the negotiating process between the ruling party and the opposition, through the adoption, on 5 June 2001, of resolution AG/RES.1831 (XXXI-0/01) entitled "Support for democracy in Haiti". This resolution called upon all the parties to commit themselves to finding a negotiated solution to the crisis, instructed the Secretary General of OAS to increase his efforts in this respect, and suggested the establishment of a Group of Friends for Haiti, which was established in November 2001. By its resolution CP/RES.806 (1303/02), of 16 January 2002, the Permanent Council of OAS called upon the parties to establish a framework

conducive to political negotiations, and created the OAS Special Mission for the strengthening of democracy in Haiti. This Mission was established on 1 March 2002 on the basis of an agreement between OAS and the Haitian Government, which defines the Mission's areas of competence: security, justice, human rights, good governance, strengthening of democracy and institutions.

13. In June 2002 the OAS Special Mission facilitated the conclusion of an agreement between the two parties on the holding of local and legislative elections in 2003, the establishment of a Provisional Electoral Council and the appointment of its members. This important stage was supported by the adoption of OAS Permanent Council resolution CP/RES.822 (1331/02), dated 4 September 2002, which confirmed the readiness of OAS to strengthen the rule of law and support the holding of elections in 2003, the disarmament programme, and the normalization of relations with the Bretton Woods institutions. In return for this assistance, a number of conditions were to be fulfilled by 4 November 2002. In particular, the Government was to have completed the payment of reparations to the victims of the events of 17 December 2001, and a Provisional Electoral Council was to have been formed in accordance with the process proposed in June 2001. In November 2002, the OAS Special Mission and the Haitian Government negotiated specific terms of reference for the assistance to be provided in the areas of elections, security, disarmament, justice and institutions.

14. Some progress made in the implementation of resolution 822 deserves to be mentioned. Several reparations payments were made to the victims of 17 December 2001 and, on 7 February 2003, the presidency issued a decree announcing the creation of a Provisional Electoral Council composed of nine members, of whom seven have since been appointed. The two remaining seats appear to be for those who would return to Convergence Démocratique and the rest of the opposition, even if this is not stipulated in the decree. Moreover, the actual participation of some sectors remains subject to actions which, according to these groups, the Government is to carry out under resolution 822.

15. A high-level OAS/CARICOM delegation visited Haiti on 19 and 20 March 2003 to urge the parties to implement the provisions of resolution 822. The delegation headed by Mr. Julian Hunte, Minister for Foreign Affairs of Saint Lucia, and Ambassador Luigi Einaudi, Deputy Secretary General of OAS, was composed of 19 senior officials representing 12 countries and organizations. It called upon the Government to take specific steps to create a climate conducive to the holding of free and credible elections, while calling upon the opposition and civil society to respect their obligations in that regard. In its report to be presented to the OAS Permanent Council on 3 April 2003, the delegation takes a negative view of developments in the situation in Haiti and deplores the fact that the Government and the opposition are continually hurling accusations at each other, thus impeding the electoral process.

16. Moreover, Mr. Louis Joinet, independent expert on the situation of human rights in Haiti, presented his first report to the Commission on Human Rights in March 2003 (E/CN.4/2003/116). In it he condemns the increase in everyday violence, the resurgence of violence against specific targets which curtails freedom of opinion and expression, and the deficiencies observed in the operation of the penal system. He also notes some encouraging signs, such as the trials of

perpetrators of violence, and recommends renewed and better targeted technical cooperation in the field of human rights.

Economic context

17. For years Haiti has been confronted by a recurring phenomenon, namely, budget deficits. The actual amounts of this deficit are as follows: (1) for total revenue from October 2002 to January 2003, G2.8 billion, representing an increase of 6 per cent as compared with the same months in the previous year; (2) for total expenditure during the same period, G5.3 billion, representing an increase of 61 per cent as compared with the same months in the previous year. The actual balance, i.e., the difference between cash income and expenditure, shows a deficit of G1.9 billion for the same period. This marked increase in the deficit is expected to continue in the months to come. On the other hand, the external debt has not increased much; after stagnating for a long time at around US$ 1 billion, it is currently US$ 1.248 billion. Lastly, the Central Bank's net foreign currency assets have deteriorated, from US$ 103 million in October 2001 to US$ 45.53 million in October 2002.

18. The reasons for the persistence of this deficit are numerous, but mention should be made in particular of civil servants' salaries and the deficiencies of financing through international cooperation. Salaries represent a fixed item of government expenditure (G1.3 billion), while domestic tax revenue is not sufficient to cover the deficits. Moreover, such revenue stems from indirect taxes, which fall most heavily on the most disadvantaged. Figures show that smuggling and corruption have only highlighted the importance of domestic revenue, which in turn is largely dependent on the economic situation and employment, both of which have greatly deteriorated. The GDP is falling steadily; its rate of growth has been about 1 per cent negative for several years.

19. The Central Bank (the Bank of the Republic of Haiti) directly finances the deficit. By January 2003 the Bank had already financed G1.6 billion of the G1.9 billion deficit. As a result, inflation reached 15 per cent in December 2002. The consumer prices indexes rose from 178 points in December 2001 to 205 points in December 2002, confirming the upward trend. The balance of payments shows a deficit, with declining exports, which do not cover the clearly higher volume of imports. Nearly 60 per cent of import coverage stems from private remittances from abroad. Financing by the Bank is also done through the issuance of bonds which are sold to commercial banks. The interest rates on these bonds are fairly high — a condition of their attractiveness — and what naturally ensues is a hike in interest rates and a decline in private-sector lending.

20. In order to redress the deficit, the Government put an end to subsidies of petroleum products. This decision, which to some extent reflected the commitments made to the international financial institutions, consisted of collecting outstanding taxes (the State reasserted its prerogatives) and allowing prices at the pump to adjust freely to the international price per barrel of crude. With the Venezuelan crisis, international prices climbed and were reflected in prices at the pump. These decisions confirmed certain expectations; retailers had already begun to overadjust consumer prices in response to rumours that dollars deposited in the country would be converted into Haitian gourdes. This ended by creating a speculative bubble in

the economy; the gourde fell from an exchange rate of G25:US$ 1 to G40:US$ 1 and G50:US$ 1.

21. The spectacular growth of savings and loan "cooperatives", which the Government had promoted in connection with the country's literacy campaign, followed by their no less spectacular failure, greatly affected the savings of economic actors. These establishments, which appeared in 1998, mostly with no legal status, were able to function outside of any regulation or supervision, and they multiplied, particularly during 2001. These "cooperatives" offered interest rates largely superior to those of banks (up to 12 per cent per month on deposits in gourdes and from 5 to 8 per cent per month on dollar deposits). Following the refusal of most banks to accept their deposits in February 2002, the "cooperatives" terminated their operations one after another, causing estimated losses of G5 billion to their numerous depositors. Despite the noisy protests of the injured depositors, the announced prosecutions were not undertaken, while the Government's promises of reimbursement have yet to be honoured.

II. Trend in official development assistance

22. The gradual suspension of most external assistance in Haiti continued during 2002. Combined assistance fell from US$ 427.5 million in 1995-1996 to US$ 188.83 million in 2000-2001.

	Official development assistance granted to Haiti (in millions of United States dollars)						
Years	*1995-1996*	*1996-1997*	*1997-1998*	*1998-1999*	*1999-2000*	*2000-2001*	*2001-2002 (projections)*
Amounts disbursed	427.5	354.07	381.52	357.19	266.29	188.83	142

Source: World Bank, *External Financing Report*.

23. The justifications for this suspension are both political and financial. The failure of the Haitian State to repay its multilateral debts led to a withholding of assistance to which the country was nonetheless committed and on which it had to pay interest. Moreover, assistance is no longer channelled through the Haitian State, but goes directly to beneficiaries through NGOs and other organizations. Accordingly, the State's capacity to respond to the needs of the population has been greatly diminished. It should be noted that the United Nations is among the few partners to have maintained direct assistance to the Government.

III. Implementation of the long-term support programme

24. Coordination of the activities of the United Nations system, and the implementation of the United Nations Development Assistance Framework (UNDAF), continued in 2002 and gained fresh impetus in September 2002 with the arrival of the new Resident Coordinator, Mr. Adama Guindo. In varying degrees, the agencies of the United Nations system have been involved in all of the programmes listed below.

25. *Implementation of the Framework*: A governance support programme was drawn up and approved by the Government in January 2003. It constitutes a framework aimed at facilitating cooperation among all partners wishing to contribute to the improvement of governance in Haiti. It covers the period 2003-2006, forms part of the initiatives of the United Nations system in Haiti, and takes into account the framework established by resolution 822, and hence the mandate of the OAS Special Mission. As such, it contributes to the establishment of UNDAF. Its main objective is to support Haiti in the process of institutional normalization, building of democratic institutions and strengthening of governance. In so doing, it aims at continuing the many activities undertaken in the area of justice and the rule of law to protect the achievements of the successive peacekeeping missions and build on that foundation. In addition, the governance support programme seeks to ensure the strengthening of the legislative institutions as they emerge from the coming elections, and to promote decentralization and local governance, as well as the modernization of the State. It also has a transverse component which deals with sustainable development and has dimensions relating to advocacy, public debates, the issue of parity and methods of drawing up strategies and policies.

26. *Response to the urgent needs of the population*: At the start of 2003 the United Nations system, together with bilateral and multilateral donors and a number of non-governmental organizations, finalized an integrated humanitarian programme of assistance to vulnerable populations. This integrated programme is an initiative of the agencies of the United Nations system in Haiti to offer a coordinated, rapid and targeted response to the needs of a growing part of the population which has reached a critical threshold of vulnerability. This programme aims at strengthening the medium-term and long-term development efforts while supporting the vulnerable populations in their strategies for access to essential services and vital commodities. The programme will last 18 months, the time required to create new synergies among the various actors involved on the ground and between the dynamics of support for essential needs and the dynamics of support for development.

27. *The Millennium Development Goals (MDG)*: A number of presentations preceded the real start of work to produce Haiti's report on the Goals. First, a study was conducted following the methodology proposed by the United Nations Development Group Office on the basis of Haitian data. The results of this study were presented on 24 October, United Nations Day, and on 26 November to donors and the Haitian Government, in order to convince all the partners of the importance of drafting a report of that kind. On this basis, an inter-agency committee comprising national and international agencies, primarily from the United Nations system, has been established. Terms of reference have been drawn up for the consultants to be involved with the topics related to the Goals, and recruitment has started. The theme groups of the United Nations system have also been identified. The programming of the report provides for its completion in the summer of 2003.

28. *The Global Fund to Fight AIDS, Tuberculosis and Malaria*: The support of the United Nations system in general, and in particular of the United Nations Development Programme (UNDP) and the Joint United Nations Programme on HIV/AIDS (UNAIDS) has been substantial in the negotiating process which led to the approval of Haiti as one of the very first countries to receive an allocation from this Fund. It has fallen to the Sogebank Foundation (a non-profit-making entity of a local bank) and UNDP to be the two main recipients of the US$ 67 million allocated by the Fund to Haiti over five years. The two recipients nevertheless remain

autonomous and will work with 17 NGOs selected by the Global Fund. The activities undertaken with this financing should benefit hundreds of thousands of people and contribute to limiting the spread of HIV/AIDS in Haiti while offering affected and infected persons better opportunities of treatment and support. In addition, this programme will strengthen national capacity to manage the epidemic by means of a multisectoral approach. The UNAIDS group is chaired this year by the representative of the United Nations Population Fund (UNFPA).

29. *Continuation of activities after the International Civilian Support Mission in Haiti (MICAH)*: UNDP has continued its activities in the area of justice, working, inter alia, with three pilot jurisdictions, the Ombudsman Office, the National Magistrates School and the Prisons Administration, and with human rights organizations. It should be noted that in this area UNDP is benefiting from the substantial support of partners such as Canada, Sweden, the European Union and Japan through the United Nations Volunteers programme (UNV), as well as the programme of the United Nations Capital Development Fund (UNCDF). It is envisaged that this year pilot experiments will be launched relating to the register of births, marriages and deaths, and that to this end links will be established with the work conducted by other agencies, including the United Nations Children's Fund (UNICEF), UNFPA and the International Organization for Migration (IOM).

30. *Analysis of poverty and strengthening of social statistics*: For the past five years, the United Nations system, particularly UNDP, has been supporting the Haitian Statistics and Data-processing Institute, which comes under the authority of the Ministry of the Economy and Finance, in compiling social data. Household budget surveys were conducted in 1987, 1998 and 2000. In 2001 UNDP, in cooperation with the Haitian Government and with the financial support of the Government of Norway, conducted an in-depth survey of the living conditions of Haitian households. The survey covers, inter alia, erosion, housing, access to basic services, population and migration, education and health, and ways of life in the rural and urban environments. A number of these issues are also dealt with from the standpoint of the Millennium Development Goals, which give one-year coverage of the various indices of which they are made up. UNDP is also continuing its campaign with the Institute to improve the social statistics collected from the administrative department. This falls within the framework of the eventual production by the Government of a strategy framework for combating poverty, an exercise which the Government has not yet embarked upon.

31. *Risk and calamity management*: In 1997 the Government of Haiti established the Civil Defence Department, whose role is to coordinate relief operations and activities to manage risks and calamities resulting from natural disasters. In 2000, with UNDP support, the Department submitted a national risk and calamity management plan which has two main objectives: (1) to act on the causes and the factors creating the state of vulnerability in order to reduce the impact of calamities; (2) to strengthen the capacity to respond to needs in the case of calamities at all levels — central, departmental, commune and local. Decentralized civil defence committees have also been established. As this topic is a central dimension of UNDAF, the agencies of the United Nations system intend to act jointly in this area. In parallel with the assistance provided to the Government, the United Nations system has also prepared itself for natural disaster management through the preparation of a contingency plan (with the assistance of the Office for the

Coordination of Humanitarian Affairs) and the establishment of a crisis management team, which is coordinated by the World Food Programme (WFP).

32. *Education for all*: In the context of the UNDAF activities, the Millennium Development Goals and the recommendations of the Dakar World Forum, the agencies of the United Nations system, piloted by the United Nations Educational, Scientific and Cultural Organization (UNESCO), have supported the process of drawing up the national plan of action on education for all. In addition, knowledge of the education system has been increased through the launching of the school census. These activities are conducted in partnership with Canadian cooperation, the Inter-American Development Bank (IDB), Japanese cooperation, the European Union, UNICEF, UNFPA and WFP.

Conclusion

33. Since last year, little change has taken place in the international assistance provided to Haiti, where the political crisis continues to compromise the drawing up of a long-term support programme. Note should however be taken of the increased role being played by OAS to help the country emerge from the impasse and strengthen its institutions. In this respect the most recent evaluations by OAS, in the context of its Special Mission, its governing bodies and the high-level delegation that visited Haiti, agree in presenting a disturbing picture of the overall political situation, and of the electoral process in particular. The normalization of political life in Haiti is however a prerequisite for the return of the major donors, whose assistance is needed in order to satisfy the population's needs and implement economic and social policies that hold promise for the future. In this respect, it can only be hoped that the political forces in the country will take the opportunity of the celebrations of the bicentennial of Haiti's independence in 2004, the symbolic force of which is present in everyone's mind, to rise above the partisan differences, commit themselves to bringing the electoral process to a successful conclusion and institute a relationship of trust with the country's international partners.

34. The Council may wish to take note of this report.

Notes

[1] See Security Council resolution 1212 (1998) of 25 November 1998.

[2] Haiti at a Glance, World Bank 2002.

[3] Idem.

[4] Haitian Institute of Statistics (1996).

[5] Idem — according to a 1998 World Bank report, 65 per cent of the population, 80 per cent of them inhabitants of rural areas, were living below the poverty threshold.

[6] UNDP, World Economic and Social Survey 2001 and 2002.

[7] Haiti — The challenges of combating poverty — World Bank 1998.

[8] UNDP, World Economic and Social Survey 2001 and 2002.

[9] Ministry of Haitians Living Abroad.